The Benevolent Fund Of The Institution Of Mechanical Engineers

Annual Report and Accounts For the year to 31 December 2019

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Company Registered in England No.130981
Registered Charity No: 209465

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Report of the Trustees
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INTRODUCTION

The Trustees are pleased to submit their annual report which incorporates the Director's Report and accounts for the year ended 31 December 2019. In preparing this report the Trustees have complied with the Charities Act 2011, the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102), and the company's Memorandum & Articles of Association.

REFERENCE AND ADMINISTRATIVE DETAILS

The Benevolent Fund of The Institution of Mechanical Engineers (also known as, and now operating under, the working title of 'Support Network') was founded in 1913 and is registered with the Charity Commission for England and Wales as charity number 209465. Support Network is also a Company Limited by Guarantee; and is registered with Companies House as company number 130981. The Trustees, Officers and professional advisers of the charity are listed on page 16 of this report. Support Network operates throughout the United Kingdom and internationally, wherever there are members (or former members) of the Institution of Mechanical Engineers (IMechE). Although close ties exist between Support Network and the IMechE, it should be noted that they are separate and distinct registered charities and companies, with different objectives, funds and management structures.

STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE CHARITY

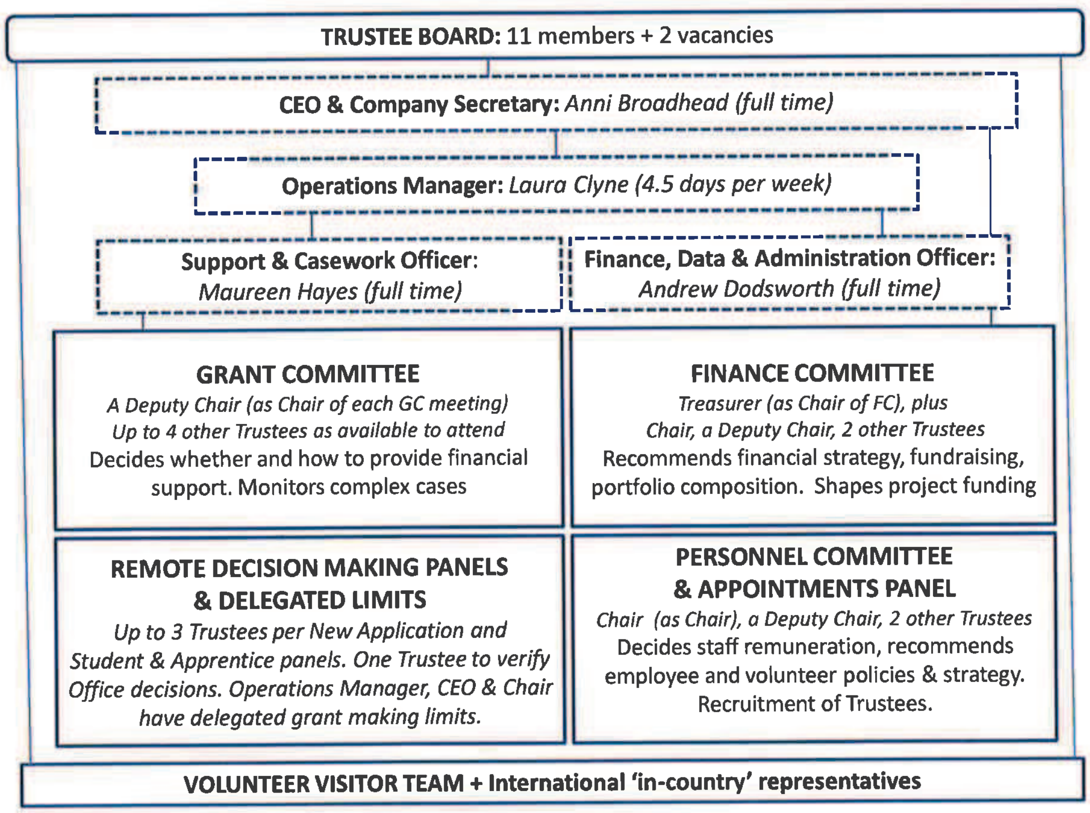
Support Network is a charitable company limited by guarantee, established under a Memorandum of Association, now revised as Articles of Association (January 2020) which sets out the objects and powers of the charitable company and all governance provisions relating to the same. A copy of the current version of the Articles of Association are filed with both the Charity Commission for England and Wales and at Companies House. The Directors of the company are also charity Trustees for the purposes of charity law. The governing body of Support Network is the Trustee Board, and the Trustees are jointly responsible for its governance. In December 2019, permission was given to expand the existing charitable objectives.

Following the decision made in quarter four of 2018 to expand the staff team*, Support Network has four full-time equivalent staff based in London and relies on a large network of volunteers (who are in the main members of the IMechE and thus part of the eligible 'community' of users of the organisation's services). Volunteers assist with casework through making home visits and telephone calls for financial verification or anti-loneliness purposes, plus our international volunteers act as in-country representatives to provide a wider context to member applications. Volunteers are therefore involved with the majority of the welfare interventions and casework undertaken by the organisation. They are therefore a mainstay of Support Network's activities and the principal point of contact with new applicants and existing beneficiaries. As presently constituted, Support Network could not operate without them. Purely in terms of hours of casework, Support Network would require at least two extra full-time staff if there were no volunteers.

*During 2019, a new post of Operations Manager was developed and appointed to in September 2019, the post-holder being subject to a six-month probationary period. This post leads on Volunteer Management and applicant support. As such the capacity within the organisation to expand the casework approach taken, to include outcomes monitoring and impact reporting has greatly increased, as has our ability to support volunteers on an individual as well as team level.

Trustees are responsible for setting the strategy and for ensuring that this is implemented by the Chief Executive. To assist with this work there are three committees which are accountable to the main Trustee Board. There are also additional remote grant decision making panels, and members of each committee and panel are listed on page 16. A diagram of the structure of the organisation is shown below.

ORGANISATION STRUCTURE AT JANUARY 2020



Grant Committee:

The Grant Committee usually meets twice a year, with the purpose of deciding awards and/or loans in presented cases within the grant making framework of policies and guidelines agreed by the Trustee Board. It also reviews the awards given via other decision making routes, and discusses and develops policy recommendations to the Trustee Board regarding emerging patterns of need and appropriate responses and/or new service provision. The Grant Committee has been chaired by either the Chair or one of the Deputy Chairs, and includes up to four other Trustees, together with members of staff. New volunteers are invited to attend as part of their induction training. Other volunteer visitors may also be asked to attend if one or more of their cases are being considered and especially if those are thought to be quite complex, requiring additional discussion in person to assist with the decision-making process. All new Trustees are required to attend at least one Grant Committee meeting during their first year of appointment as part of their induction. Trustees who do not undertake application related visits are especially encouraged to attend Grant Committee meetings in order to understand the core service provision and the related risks and /or strategic elements of the same.

Finance Committee:

The Finance Committee meets as required to consider specific finance areas, and at least annually, (usually in February) when it receives investment manager presentations in respect of the performance of funds during the preceding year. The Finance Committee is comprised of up to five Trustees, including the Treasurer, Chair, a Deputy Chair and two other Trustees. All matters of finance, investment portfolio, fundraising targets and financial procedures are considered by this committee, which reports to the Trustee Board. Whilst the committee has a stated membership, an open invitation is extended to all Trustees in respect of attending to hear investment manager presentations. Additionally, all new Trustees are required to attend the first Finance Committee after their appointment as part of their induction.

Personnel Committee:

The Personnel Committee meets as required to consider specific personnel related issues, and at least annually (usually in December) when it considers the appraisals and performance of the staff team during the year, their objectives for the coming year, and sets their individual remuneration. The Trustee Board delegates matters of staff administration, pay awards, benefits and organisation to the Personnel Committee. Issues, policies and/or procedures relating to volunteers are also considered here in the first instance. This committee is comprised of four Trustees, including the Chair and a Deputy Chair of the Trustee Board. The work of the committee is often progressed by email, on a subject specific basis, in between meetings. Initial oversight of policies and procedures in relation to safeguarding, and compliance with the General Data Protection Regulation 2016/679 (GDPR) is within the remit of the Personnel Committee. The Appointments Panel, which interviews potential candidates to be considered for election to the Trustee Board is a sub-set of the Personnel Committee.

Remote Grant Decision Making Panels:

Referrals to the employment coaching service, the New Application Panel, Student & Apprentice Panel, Office Decisions process and decisions made by the Chair or Chief Executive are all additional decisions making routes which enable grant award decisions to be taken without applicants experiencing undue delay. All decisions are made within limits of type and financial amount that have been previously agreed and delegated by the Trustee Board. All awards determined by the remote grant decision making panels are reported to the following Grant Committee meeting for verification.

Trustee Board:

The Trustee Board, when complete, consists of at least ten and not more than thirteen individuals. The President and the Chief Executive of the IMechE are Patrons of the charity. The current Board comprises 11 elected members, as the decision was taken to hold a vacancy for future recruitment of a Trustee who could bring a background in foundation giving to assist in the development of this aspect of the organisation's work. The organisation currently has an interim Treasurer (pending recruitment of a specific skills-based Trustee to this office) due to the very sad passing of the previous Treasurer, Dennis Wilcock in May 2019. Recruitment of a new 'Young Member/Newly Qualified' Trustee was

undertaken during the spring of 2019, with the incumbent serving a three year term in this capacity from July 2019-July 2022. There is a stipulation that not more than three Trustees shall at any time also be Members of the IMechE Trustee Board, and currently none of the Support Network Trustees are also IMechE Trustees.

The Trustees serve for a fixed period of three years, after which time they are eligible to stand to serve for a further three years, after which they must retire for at least one year, before being eligible to serve on the board again, unless they hold the office of Chair or Deputy Chair at the time that their retirement would fall to be effective, at which point they may serve for an additional consecutive 12 months before being time barred. This is in order to facilitate succession planning. Candidates to be considered for election to the Board are invited to submit statements of application against the Person Specification required that year, and to attend an interview either with the Chair and a Deputy or otherwise the full Appointments Panel (comprising the Chair, Deputy Chair and one other Trustee, who is usually a member of the Personnel Committee). New trustees are elected by the full Trustee Board, and usually take office with effect from the date of the July Trustee Board meeting, which is also usually the first Trustee Board meeting that they attend.

The elected Trustees are often already familiar with either: 1) the purpose and practical work of Support Network, (as they have largely been recruited from those who have demonstrated a commitment to the aims and ethos of the charity by volunteering to act as 'Visitors'); or 2) with the work of the IMechE, as candidates are usually IMechE members, undertake volunteer activities for the IMechE, or are employed in a role which brings additional expertise to the Support Network board e.g. communications experience.

All Trustees are recruited in accordance with adding the required skills and experience to the board, on the basis of a skills audit of all Trustees, and associated succession planning exercise. Requirements in respect of the Code of Governance, especially those in respect of Diversity and Inclusion are considered when planning for and undertaking the recruitment of new Trustees.

As part of their induction, each new Trustee is provided with all the necessary reference documents, policies and procedures for them to play an effective role on the Trustee Board. These include copies of the governing document, Charity Commission publications, terms of reference for committees, business plan, risk register, latest full statutory accounts, and the previous year of Trustee Board minutes and financial statements. Policy documents are reviewed and revised regularly, and as appropriate, with the latest editions posted on an internal Extranet, accessible via a password protected area of the governance section within the Support Network website pages. New Trustees are invited to meet with the Chief Executive at the company's registered office in London, in order to familiarise themselves with the charity, to meet the other members of the staff team, and to talk through the role and requirements in more depth. They are also required to attend external training sessions, provided by specialists in governance, to include the role, duties and responsibilities of a Trustee; finance and investment skills for Trustees; and other governance related training as applicable.

RISK MANAGEMENT

The Trustees have identified the major strategic risks to which Support Network is exposed, and have established controls and actions to mitigate them. The Trustees take appropriate steps to moderate and manage the inevitable operational risks to which volunteers and staff of Support Network are exposed, and these are reviewed and discussed at each committee meeting, culminating in an annual review, usually at the October Trustee Board meeting. Competence based training for Trustees & volunteers, employer's indemnity insurance and monitoring of new legislative requirements are all examples of steps that are routinely undertaken. Authority for the day to day management of risk is delegated by the Trustee Board to the Chief Executive. In addition, the Chief Executive, who is also the Company Secretary, undertakes regular reviews of governance related risks, to complement those reviewed by the sub-committees.

The Trustees have identified specific key risks to the charity and the actual steps taken to mitigate those risks. The risk value is calculated as: Impact x Probability, where 1= low and 5 = high. Save for the risks shown below, all other risks have a value of 3 or less:

OVERARCHING RISK:

EMERGING AND DEVELOPING IMPACT AND EFFECTS OF COVID-19 PANDEMIC At the time of writing (June 2020), the United Kingdom is still experiencing actual lockdown restrictions and the economic impacts of the same. The outlook appears to be very uncertain. During April 2020, the initial financial effects of these restrictions were felt in our investment portfolio, with a sharp decline in values across all asset classes, though these have now started to recover. As part of their mitigation of repeated investment fluctuations, the Trustees have decided to have closer, and more regular contact with our investment managers, in order to fully test and understand their ongoing strategies in respect of preserving (and ideally growing) our financial resources. Where investment changes are recommended, these will be implemented.

CHARITY OBJECTIVES AND ACTIVITIES

Support Network is a charity which was established in 1913 for "the prevention and relief of poverty." In guidance concerning public benefit ('Public benefit: the public benefit requirement (PB1)'; 'Public benefit: running a charity (PB2)'; 'Public benefit: reporting (PB3) and 'Public benefit: rules for charities' February 2014) the Charity Commission recognised that for charities which have these charitable objectives, the rules relating to 'public' benefit are different in that:

"...in general, for a purpose to be charitable it must satisfy both the 'public' and 'benefit' aspects of public benefit. However, if the purpose is to prevent or relieve poverty, the position is different. In the case of charities for the relief (and in some cases the prevention) of poverty the courts consider the public benefit requirement can be met by satisfying the 'benefit' aspect only. In these cases there is no separate consideration of the 'public' aspect. Legal requirement: only charities with a purpose to relieve (and in some cases to prevent) poverty can define who can benefit by reference to: their family relationship (that means their descent from one individual); their employment by an employer; their membership of an unincorporated association"

('Public benefit: the public benefit requirement' Charity Commission, September 2013)

Accordingly, Support Network's principal object is to provide financial or other assistance to people in need who are either:

- Members (or former members) of the Institution of Mechanical Engineers (IMechE);
- The partners, civil partners, widows, widowers, children (including adult children), relatives and other dependants of such members or former members (whether such members or former members are alive or dead at the time such provision is sought).

New objectives were submitted to and agreed by the Charity Commission in December 2019, these being:

- **To relieve, or assist in the relief of, poverty or financial hardship throughout the world, in particular but without limitation to the provision of funding for development projects, particularly projects or parts of projects with a strong engineering or technical component**
- **To advance education, in particular through providing funding in support of projects which develop capability in science, technology, engineering and mathematics.**

At 31 December 2019, there were over 120,000 current Members of the IMechE in over 140 countries around the world. Taken together with partners, widows, widowers, children, relatives and other dependants of such members and/or former members who are also eligible, the number of people eligible for assistance from Support Network is estimated to be in the order of at least 250,000 across the world. In its' guidance concerning charitable purposes ('Charitable Purposes', issued in September 2013 and updated in September 2014) the Charity Commission recognised that generally, the relief of poverty includes its prevention and the prevention of poverty includes its relief:

"...There can be no absolute definition of what 'poverty' might mean since the problems giving rise to poverty are multi-dimensional and cumulative. It can affect individuals and whole communities. It might be experienced on a long or short-term basis. Poverty can both create, and be created by, adverse social conditions, such as poor health and nutrition, and low achievement in education and other areas of human development.

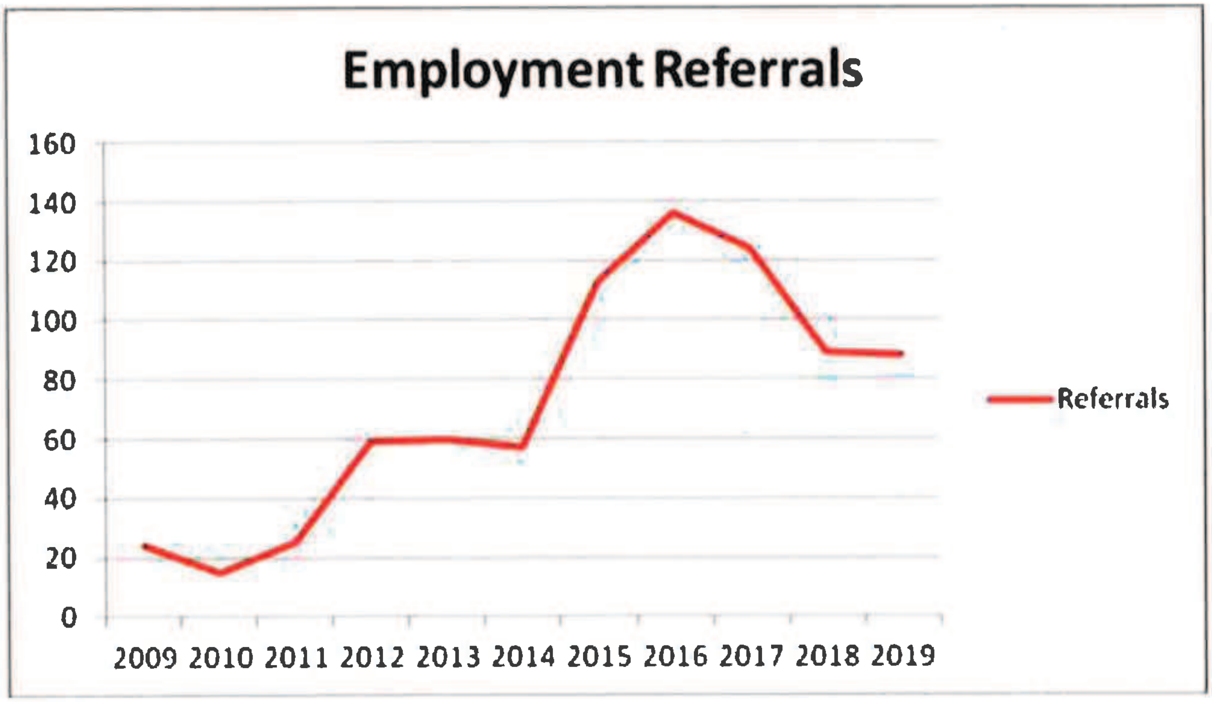
The prevention or relief of poverty is not just about giving financial assistance to people who lack money; poverty is a more complex issue that is dependent upon the social and economic circumstances in which it arises. The commission recognises that many charities that are concerned with preventing or relieving poverty will do so by addressing both the causes (prevention) and the consequences (relief) of poverty.
"...Not everyone who is in financial hardship is necessarily poor, but it may still be charitable to relieve their financial hardship under the description of purposes relating to 'the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. In most cases, the commission will treat the relief of poverty and the relief of financial hardship the same. Generally speaking, it is likely to be charitable to relieve either the poverty or the financial hardship of anyone who does not have the resources to provide themselves, either on a short or long-term basis, with the normal things of life which most people take for granted. Examples of ways in which charities might relieve poverty include: grants of money; the provision of items (either outright or on loan) such as furniture, bedding, clothing, food, fuel, heating appliances, washing machines and fridges; payment for services such as essential house decorating, insulation and repairs, laundering, meals on wheels, outings and entertainment, child-minding, telephone line, rates and utilities; the provision of facilities such as the supply of tools or books, payments of fees for instruction, examination or other expenses connected with vocational training, language, literacy, numerical or technical skills, travelling expenses to help the recipients to earn their living, equipment and funds for recreational pursuits or training intended to bring the quality of life of the beneficiaries to a reasonable standard; the provision of money management and debt counselling advice are examples of the ways in which charities might help prevent poverty... "

('Charitable Purposes', Charity Commission, September 2013}

Accordingly, to meet its poverty related objects, Support Network aims to prevent or relieve poverty by providing financial grants and/or non-financial support services to eligible individuals in 'need' due to experiencing difficulties in their lives, such as poor mental health, accidents, ill health, disability, bereavement, unemployment, relationship breakdown, the separation of families, meeting the care needs of others, and/or subsequently returning to employment after attending to any of the same. Thus is addition to cash grants and interest-free secured loans, Support Network also provides specialist advice, information, guidance, facilitated peer mentoring, employment coaching, counselling, loneliness support, respite breaks, and memberships of autism and dyslexia support groups. At a detailed level this can include:

- Grants to disabled or financially disadvantaged undergraduates, Apprentices, Diploma and other students up to and including those pursuing a PhD, to enable them to complete their studies and thus to become self-sufficient, ideally via careers in mechanical engineering.

- Professional employment coaching support to those who are unemployed, at risk of redundancy, and/or to improve job seeking prospects, including post career-break.
- One-off payments for purpose specific expenditure, e.g. disability equipment.
- Time limited, 'breathing space' grants to address temporary or transitional difficulties.
- Interest-free secured loans to homeowners e.g. to assist with essential works or disability
- Debt and money advice.
- Themed payments to assist with particular expenditure e.g. Winter Warmth.
- Specialist advice in respect of autism, dementia, care and the associated demands of meeting these needs
- Provision of respite breaks and outings for carers and the cared for, ether together or separately
- A telephone befriending and social visits service to reduce social isolation and loneliness.
- Educational, and/or life enhancing experiences for disabled children, or at times of parental separation/ reduced financial circumstances
- Contributions towards meeting buildings and contents insurance costs.
- Grants for furniture, bedding, clothing, food, heating appliances, washing machines and fridges etc.
- Fuel grants and energy efficiency advice to ensure that homes are safe and warm.
- Telephone and online access grants to promote social inclusion.
- Home emergency alert systems and other adaptations to enable independent living.
- Self-access online information guides.
- General and legal advice in respect of everyday, and/or court related problems, ensuring that information needs are readily met and/or potential options for action are identified in a timely manner.
- Contributions to necessary specialist health care not publicly available.
- The provision of equipment for disabled people.
- New baby grants for essential items, and support for new parents facing difficulties e.g. adapting to change, post-natal depression



In deciding what assistance to offer, the Trustees assess the needs of each applicant against their individual circumstances, including their social and economic conditions. They recognise that poverty is a relative concept, and what constitutes poverty in an affluent society is very different in absolute terms from poverty in a developing country. In this regard, and especially as much more can be understood from a face to face conversation at the applicant's home, the Trustees place considerable weight on the report and recommendations made by the Visitor, recognising that, particularly internationally, those based locally are better able to judge what is an appropriate and reasonable standard for the basic necessities of life. Mental health difficulties are also taken into account, and very often, a series of visits will be required to fully support applicants for whom mental health difficulties are an ongoing issue. Where possible all services are equally available, irrespective of geographical location, e.g. Support Network uses an employment specialist partner that can provide their services on a worldwide basis through the use of online resources, email and/or Skype/similar contact.

In seeking to expand the charitable objectives, the Trustees had due regard to the Charity Commission guidance on public benefit and accordingly decided to commence funding projects which will increase the reach of those assisted to be beyond the defined eligible group of IMechE members and their relatives.

ACHIEVEMENT AND PERFORMANCE

Projects planned for 2019 were:

- Implement a Newly Qualified grant programme to assist members with the transition into employment and their future careers
- Expand our charitable objectives to enable funding of international engineering and relief projects
- Expand our charitable objectives to enable funding of education initiatives to overcome

barriers and achieve progression in STEM subjects and careers (e.g. where there is disadvantage or disability)

- Develop a grant making strategy to align with our proposed expanded charitable objectives of using engineering to relieve poverty, leading to the first of these grants being made during 2020
- Ensure that diversity and inclusion principles are integral to all that we do

Implement a Newly Qualified (NQ) grant programme to assist members with the transition into employment and their future careers: This fund was launched in the autumn of 2019 and offers up to £3000 per annum, per year, for the first 3 years after 'qualifying'– interpreted as the completion of an Apprenticeship, undergraduate, post-graduate or other level of training and/or study that leads to first stage employment. In order to focus funding on new entrants to the mechanical engineering profession, Applicants must be paying members of the IMechE and also submit evidence of their employment. Where applicants have not yet found suitable work, employment coaching is provided as part of the Newly Qualified programme. Thereafter funding is provided to assist with meeting the financial challenges of transitioning from studying to working e.g. rental deposits, relocation costs, childcare, travel, general living costs especially in London, or where direct deductions from salary e.g. income tax, national insurance, pension, student loan repayments increase the risk of indebtedness occurring. In order not to prejudice members who qualified before the introduction of the fund, otherwise eligible applications to the general fund are being considered on a retrospective basis through the Newly Qualified fund. We look forward to sharing the initial outcomes and impact of this fund as part of the 2020 report.

Expand our charitable objectives to enable funding of international engineering and relief projects: This was achieved in December 2019 when the Charity Commission agreed to the same. Initial potential projects currently being explored re this objective area include a marine waste plastic recycling project and female led grassroots water infrastructure improvements in Africa. We hope to make initial grants during 2020.

Expand our charitable objectives to enable funding of education initiatives to overcome barriers and achieve progression in STEM subjects and careers (e.g. where there is disadvantage or disability): This was achieved in December 2019 when the Charity Commission agreed to the same. Initial potential projects currently being explored re this objective area include working with specialist partner to tutor academically gifted but socially disadvantaged young people to progress to university, ideally following STEM degrees; and working with female prisoners to stimulate an interest in STEM subjects leading to possible progression into apprenticeships and/or study. We hope to make initial grants during 2020.

Develop a grant making strategy to align with our proposed expanded charitable objectives of using engineering to relieve poverty, leading to the first of these grants being made during 2020: In implementing the expanded charitable objectives, in addition to conducting due diligence exercises in the round, of potential partner organizations (that is to include the 'how' partners operate in an holistic sense), Support Network will also fund projects which are 'aligned' with the IMechE, for example in respect of engineering aspiration/outcome, engineering workforce and/or activity. Additionally, it was decided to frame the foundation work within the United Nations Sustainable Development Goals in general, with specific regard to goals 1 No Poverty; 4 Quality Education; and 6 Clean Water & Sanitation, as these also largely mirror our existing grant giving to individuals.

Ensure that diversity and inclusion principles are integral to all that we do: During the year we recruited a Young Member Trustee following advertising the role throughout the Institution. During this process we received an application from India - our first application for a Trustee position from an international member. As part of our involvement with the IMechE Diversity and Inclusion group we led on dyslexia issues and formed a focus group to better understand the needs of members. This resulted in a) an accessibility widget being applied to the IMechE website – and thus to the Support Network pages within it – and b) revised branding guidelines to utilise colours and fonts that are more dyslexia friendly. We continued to offer disability related memberships to the British Dyslexia Association and the National Autistic Society. In respect of mental health provision we introduced individual memberships of Anxiety UK and increased access to telephone memberships increased the number of counselling grants and diagnostic calls made. Rather than limit the volunteer opportunities that we offer, we ensured that the terms of our employers liability insurance policy included volunteers aged over 80 and those based outside of the UK.

SERVICE USER FEEDBACK

Service users regularly tell us that our interventions make a positive difference to them and their family. Additional examples received during 2019 include:

"Whilst studying in Aberdeen, I worked weekends and some nights as a pool lifeguard. Fifth year is an extremely demanding year as you are so near the finishing line after years of study at school and university. With the added pressures of working to get the best degree you can, holding down a job and still allowing time for friends and family it can be an overwhelming stressful time. Thankfully, during that year the IMechE business development team presented on the help available to students via Support Network. When I approached them about applying, they were supportive from the start and when I was awarded the student grant I was able to reduce my hours at the pool. Without a doubt it was their help that assisted me greatly. As a result I achieved my Master of Mechanical Engineering with Distinction, and have secured a fantastic position as a graduate with Ethos Energy in their acclaimed International Rotation Program. I am so grateful to have heard about Support Network, and to now be able to give something back as a volunteer, to make a difference and help fellow engineers. My motivation is simple: I hope that I will be able to help others achieve their full potential as I was helped to achieve mine".

"Thanks again for all your help at the application workshop. I also wanted to thank you for talking about the IMechE support network in your application workshop presentation. I recently found out I am being made redundant and luckily because I was informed about the services available I emailed the support network straight away. They got back to me very quickly (which was great to know I'm not alone and gave me the boost I needed to keep positive) and now I can look forward to starting the 90 day programme with the employment coaching specialists."

"Life has been very tough of late, thank you for making it bearable. I can never thank you enough for the support and help that you have given to me and my son."

FINANCIAL REVIEW

Support Network has three main sources of income: (a) donations received from IMechE members during the year, with associated Gift Aid receipts where applicable; (b) legacy and in memoriam gift donations; and (c) investment portfolio gains, received as divided income. (Capital gains are also obtained from the investment portfolio, and where funds are held as 'accumulation units' any receipts are automatically reinvested into the investment holding, rather than drawn as income *per se,* in order for the same to hold long-term value against changes in inflation over time). Support Network has an unrestricted investment fund which is invested to provide a regular and reliable source of income for Support Network. The

Trustees are legally bound to promote the best long-term interests of Support Network and to make adequate provision for both present and future beneficiaries. The overall investment policy is to obtain the best financial return from Support Network's assets, consistent with acceptable risk. To achieve this, the given powers of investment will be exercised so that the assets yield the best long-term return by way of both income and capital appreciation, judged in relation to the risks of investment. The portfolio is diversified in respect of asset class, geographical exposure and investment managers.

1) Results

Net income for the year ended 31 December 2019 was £4,375,004 (December 2018 expenditure was £1,861,636)

2) Voluntary income

- Donations, subscriptions and bequests
- Dividends and interest from an investment portfolio

Voluntary income, comprising donations and bequests, were received at a value of £294,751 (2018: £451,792).

In 2019, dividends and interest from the investment portfolio amounted to £1,001,249 (2018: £984,064).

The Trustees continued the strategy to hold Support Network's equity-based investments in accumulation
units, (rather than drawing an income stream from the same), in order to offset any losses in capital value, and
hence to help to preserve funds for the future. The Trustees again decided to meet any operational deficit in the year through drawing from the reserves instead. From the total expenditure 99% was spent on charitable
activities (98.76% in 2018). This included charitable grants of £297,354 (2018: £271,676)

3) Investment Portfolio

The allocation of Support Network's investment portfolio at the close of 2019 was :

VALUE	ASSET	INVESTMENT	BENCHMARK
35.3%	Equities	M&G Charifund	FTSE All Share Index
32.4%	Equities	M&G Global Dividend Fund	FTSE All Share Index
12.6%	Equities	Fidelity Institutional Funds	FTSE All Share Index
10.0%	Multi Asset	Cazenove Charity Multi Asset Fund	FTSE All Share Index
6.6%	Property	Charities Property Fund	HSBC PUT Index
2.5%	Equities	COIF Investment Fund	FTSE All Share Index

0.6%	Cash	COIF Deposit Fund	London Interbank Rate
0.0%	Bonds	COIF Fixed Interest Fund	WM Co. UK Bonds

Given the low interest rates now offered on cash deposits, the amount held in the COIF Deposit Fund has been maintained at a low level.

4) Social, environmental or ethical constraints

In the annual review of investment policy for the charity, the Trustees considered whether there should be any social, environmental or ethical considerations to impose constraints on where Support Network should invest, and decided that there were none. Trustees discussed the potential for positive screening, (e.g. to directly invest in mechanical engineering companies), with a decision made to explore this via the prospective foundation giving/social investment approach that is being implemented during 2020.

5) Reserves Policy

Support Network is a 'closed' charity in that it does not actively seek funding from outside the membership of the Institution of Mechanical Engineers. Each year, a significant proportion of the charity's income is derived from annual and irregular donations, and bequests. Legacy income, however, is very uncertain, as are the levels of donations *per se,* it cannot be guaranteed that voluntary donation levels will be repeated (or increased) year on year. In order to safeguard the ongoing provision of grants to current beneficiaries, and to cover non-discretionary expenditure, (such as salaries, pension contributions, rent), the Trustees hold reserves at a minimum level of one year's average expenditure. In anticipation of increased grant giving and/or social investment initiatives, it has been agreed to increase the level of reserves from £1,000,000 to £2,000,000. As at 31 December 2019 total funds significantly exceeded this amount.

The Trustees are therefore confident that the new foundation giving approach can be introduced, as the level of reserves has been more than achieved, and this is an active strategy in order to best use some of these resources. (The Trustees had carefully monitored the effects of implementing the investment portfolio changes made during 2012/13, and consolidated this during the subsequent portfolio review undertaken during 2018). The reserves policy is reviewed annually, taking into account the latest forecasts of income, expenditure and changes in grant making policy.

6) Grant Making Policy

All grants made in 2019 were for the benefit of individuals. In 2019, 500 members contacted us for the first time (2018: 383), their requests including help with finances, employment coaching, dyslexia support, social visits or advice. During the year 1050 grant payments were made (2018: 1135). All grants and support decisions were either determined/confirmed by the Grants Committee, (which met twice during the year), or were initially made by the staff team, and subsequently authorised by a designated Trustee through the Office Decisions process. All proposed Office Decisions were made available on a password restricted basis to Trustees via the Extranet, to ensure that they agreed with the decisions made by the staff. Considerable care is taken to ensure that beneficiaries are in receipt of all welfare benefits, state support and/or other third party assistance that they might be entitled to, before charitable grants are made.

Examples of grants awarded included: allowances towards fuel and utility costs; travelling expenses for visiting people in hospital or nursing care; television licence fees; telephone and wifi access; crisis payments to relieve sudden unanticipated financial needs; replacement items such as washing machines, cookers, fridges, heating appliances; health and medical equipment; powered mobility vehicles; essential house repairs and insulation; adaptations to the homes of disabled people; gardening costs for older people; help in the home, and emergency alarms; arrangements for respite care and breaks; and assistance towards residential and care home care costs. A programme of grants is available for disabled or disadvantaged Apprentices, undergraduate, and other students who are IMechE members, irrespective of where they are in the world. Support Network aims to make a positive impact and difference on the lives of people who are assisted, and accordingly at the outset of providing support, the avoidance of creating long-term dependency is paramount, so that wherever possible, people are helped to help themselves.

As we progress into 2020, grants will also be made to appropriate partner organisations and projects in order to meet our expanded objectives, as discussed above, in respect of using engineering to relieve poverty.

7) Pension Funds

All current Support Network staff are enrolled in the IMechE's contribution based pension scheme which is operated by Scottish Widows plc. During 2019, the employer rate was 10% (2018: 10%). The company used to operate a defined benefit scheme which is now closed. As prescribed by FRS 102, the funding level of the defined benefit pension fund must be disclosed. After an actuarial report carried out for the IMechE consolidated accounts to 31st December 2019, the pension fund was 96% funded.

8) COVID-19 AND ITS IMPACT ON THE CHARITY: During the Spring of 2020 the organisation received an increase in enquiries about applying for support from students who had been 'locked out' of university facilities – often at very short notice – denying them access to IT services which they required in order to meet academic deadlines. Where possible, these requests for assistance were met. At the time of writing, (June 2020), the first requests from members employed in sectors of the industry which are experiencing a downturn (e.g. automotive, aerospace, oil and gas) are being received. Trustees are aware that as time progresses, more requests might be received, thus requiring greater calls upon our financial resources. To facilitate management of the same, Trustees are receiving monthly financial and service demand reports to monitor the same on a more regular basis.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- so far as each Trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

PLANS FOR FUTURE PERIODS

Looking forward to 2020 and beyond, Support Network plans to continue the activities outlined above subject to satisfactory levels of funding. Particular developments and areas of focus for 2020 include:

- Undertake a holistic casework approach with recipients of Newly Qualified grants and/or those on childcare leave; plus with members who are experiencing difficulties at work due to own or family disability; physical or mental health issues; possible redundancy or household debts.
- Recruit, train and retain an expanded volunteer team and place their support at the heart of the organisation through helping people more.
- Implement a new online database (Icaris) to replace our existing Access-based one. This should enable wider impact measurement and reporting of grants and services provided.
- Make our first grants for new social investment/foundation giving initiative and monitor the performance and impact of these as applicable.
- Continue to ensure that diversity and inclusion are integral to all that we do.
- During 2020 we will continue to monitor and anticipate the effects of the COVID-19 pandemic, and adjust our service delivery and project funding accordingly, especially in respect of our international members, students entering the 20/21 academic year, and members employed in mechanical engineering sectors that are under pressure.

IN APPRECIATION

The Trustees would like to convey their sincere thanks to the many volunteers who have so generously given their time in support of Support Network. They would also like to express their thanks to the staff, who have continued to work effectively throughout the year, despite difficulties in personal circumstances. The combined team of staff and volunteers make it possible to continue the charity's essential work of relieving poverty whilst minimising administrative overheads. Gratitude is also expressed to IMechE colleagues for their support and assistance throughout the year. With the continued contribution of this combined team, Support Network looks forward with confidence, to enhancing the lives of IMechE members and their dependents who find themselves in need, or in need of assistance.

The contribution of the late and incomparable Dennis Wilcock warrants special note. Dennis was our Treasurer at the time of his passing, and had recently completed leading on our second five year financial review, helping us to further diversify our portfolio and encouraging us to take up new opportunities. He was also a regular and popular visitor to our service users, and particularly enjoyed helping students and apprentices. Dennis was a dedicated and valued part of our organisation – always ready to help – always ready with a smile. We are grateful for all that he did for us. He is much missed.

This report was approved by the Trustees on 25th June 2020 and signed on their behalf by:

Brian Cooke, Chair

Christine Clark, Interim Treasurer

Reference and Administrative Information

Name: The Benevolent Fund of the Institution of Mechanical Engineers **(Support Network)**
Charity Reg. No.209465 Company Reg. No.130981
Registered Office: 3 Birdcage Walk, London SW1H 9JJ

Trustees		**Committees**	**TB Mtgs Attended**	**Notes**
Chair	Brian Cooke	1,2,3,5,6	4	
Deputy Chair	Anne Woodbridge	1,2,6	4	
Deputy Chair	Bruce Dagley	1,3,7,	4	
Treasurer	Dennis Wilcock	1, 3	2	*Passed away May 2019*
Trustee	Tony Frater	1,7	3	*Elected as a Trustee 22 July 2019*
Trustee	Nicole Rinaldi	1,4	4	
Trustee	Sarah Templey	1,2,5,9	3	
Trustee	Christian Young	1,7	4	
Trustee	Chris Taylor	1,2	4	
Trustee	Christine Clark	1,3,7	4	
Trustee	John Cornforth	1,6,8	4	
Trustee	Chirantan Shukla	1,3	4	
Chief Executive & Company Secretary	Anni Broadhead	1,2,3,4		

Key to Committees

1 Member of the Grants Committee
2 Member of the Personnel Committee
3 Member of the Finance Committee
4 Lead on Communications
5 Member of the Appointments Committee
6 Member of the New Application Panel
7 Member of the Student & Apprenticeship Panel
8 Member of the Office Decision Panel
9 Lead on General Data Protection Regulations

Key Management Personnel

The Trustees have delegated significant authority and responsibility in the day-to-day running of the charity to the Chief Executive, Anni Broadhead.

Investment Managers:

Cazenove Schroder & Co. Limited, 31 Gresham Street, London EC2V 7QA
CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Cordea Savills LLP, 33 Margaret Street, London W1G 0JD
Fidelity International, 130 Tonbridge Road, Tonbridge, Kent, TN11 9DZ
M&G Ltd, Laurence Pountney Hill, London EC4R 0HH

Bankers: NatWest Bank plc, 38 Strand, London WC2N 5JB

Auditors: Moore Kingston Smith LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD

Solicitors: Bircham Dyson Bell, 50 Broadway, London SW1H OBL

The Benevolent Fund of the Institution of Mechanical Engineers
Independent Auditor's Report
For the year ended 31 December 2019

Opinion

We have audited the financial statements of The Benevolent Fund of the Institution of Mechanical Engineers ('the company') for the year ended 31 December 2019 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
-the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
-the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.
Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Luke Holt (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House

60 Goswell Road London

EC1M 7AD

Date: 17 August 2020

The Benevolent Fund of the Institution of Mechanical Engineers

Statement of Financial Activities
For the year ended 31 December 2019

	Notes	Total (Unrestricted) Funds 2019 £	Total (Unrestricted) Funds 2018 £
Income and Endowments from:			
Donations and Legacies			
Donations, bequests	1	294,751	451,792
Investments			
Interest & dividends	2	1,001,249	984,064
Total		1,296,000	1,435,856
Expenditure on:			
Raising funds		7,274	7,294
Charitable activities	3	655,277	579,653
Total		662,551	586,947
Net gains / (losses) on investment assets	9	3,741,555	(2,710,545)
Net income / (expenditure)		4,375,004	(1,861,636)
Reconciliation of funds:			
Total funds brought forward		26,794,916	28,656,552
Total funds carried forward		31,169,920	26,794,916

All income and expenses derive from continuing operations and relate to general funds.

The notes numbered 1 to 20 form part of these accounts.

The Benevolent Fund of the Institution of Mechanical Engineers

Balance Sheet
For the year ended 31 December 2019

	Notes	Total Funds 2019 £	Total Funds 2018 £
Fixed Assets			
Tangible assets	8	2,907	4,492
Investments:-			
Stock Market Investments	9	30,306,756	25,746,242
Total fixed assets		30,309,663	25,750,734
Current Assets			
Debtors	12	62,384	183,018
Cash at bank and in hand	11	61,311	115,142
Loans (due after more than one year)	10	861,708	792,523
Total current assets		985,403	1,090,683
Liabilities			
Creditors: - amounts falling due within one year	13	125,146	46,500
		125,146	46,500
Net current assets		860,257	1,044,183
Total assets less current liabilities		31,169,920	26,794,916
The funds of the charity:			
Unrestricted funds		31,169,920	26,794,916

The accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and in accordance with the provision of the Financial Reporting Standard 102.

These financial statements were approved by the Trustee Board on 25th June 2020 and signed on its behalf by:-

Brian Cooke, Chair

Christine Clark, Interim Treasurer.

Members of the Trustee Board

The notes numbered 1 to 20 form part of these accounts.

Company Number 130981

The Benevolent Fund of the Institution of Mechanical Engineers

Statement of Cash Flows
For the year ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash used in operating activities		(236,120)	(189,476)
Cash flows from investing activities:			
Dividends and interest from investments		282,527	234,207
Bank interest received		122	123
Purchase of tangible fixed assets		-	(4,756)
Purchase of Investments		(265,000)	(4,000,000)
Proceeds from sale of investments		215,000	4,100,000
Change in cash held by investment manager	11	(50,360)	(75,656)
Net cash provided by investing activities		182,289	253,918
Change in cash and cash equivalents in the reporting period		(53,831)	64,442
Cash and cash equivalents at the beginning of the reporting period		115,142	50,700
Cash and cash equivalents at the end of the reporting period		61,311	115,142

Reconciliation of net income/ (expenditure) to net cash flow from operating activities	£	£
Net income for the reporting period	4,375,004	(1,861,636)
Adjustments for:		
Dividends, interest from investments	(1,001,249)	(984,064)
Depreciation charges	1,585	264
Decrease / (increase) in debtors	51,449	(12,222)
Increase / (decrease) in creditors	78,646	(42,363)
Gains / (losses) on investments	(3,741,555)	2,710,545
Net Cash used in operating activities	(236,120)	(189,476)

Accounting Policies
For the year ended 31 December 2019

ACCOUNTING POLICIES

The Charity is a private limited company (Charity Reg. No 209465, Company Reg. No 130981), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is: 3 Birdcage Walk, London SW1H 9JJ.

A Summary of the accounting policies which have been applied consistently is set out below.

a) BASIS OF ACCOUNTING

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard, including Update Bulletin 2, applicable in the UK and Republic of Ireland, the Companies Act 2006, and the UK Generally Accepted Practice as it applies from 1 January 2015. The accounts comply with applicable charity and company law in England and Wales.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared on the historical cost convention, modified to incorporate the revaluation of investments.

b) GOING CONCERN

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the company not being able to continue for the next 12 months. There are no material uncertainties about the company's ability to continue as a going concern. The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the entity to continue as a going concern. The trustees has considered the impact of COVID-19 on the investment portfolio and investment income generation to be short term. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. The trustees conclude there is a reasonable expectation that the Fund has adequate resources and unrestricted reserves/cash balances to continue in operational assistance for the foreseeable future. The Fund therefore continues to adopt the going concern basis in preparing its financial statements.

c) FUND ACCOUNTING

The financial statements make reference to Total Funds. These funds are unrestricted and therefore can be drawn on when required.

All monies received, subject to the express direction otherwise by the donor or testator, will be added to these funds. As at the 31 December 2019, the Trustee board received no monies that are subject to express direction.

d) FINANCIAL ASSETS

The Charity has elected to apply the provisions of Section 11 "Basic financial instruments" of FRS102 to all of its financial instruments. Financial assets are recognised in the company's statement of financial position when the Charity becomes party to the contractual provisions of the Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

Loan and receivables

Life-time interest free loans are made to approved beneficiaries which are repayable only from the estate of the beneficiary or, in the case of joint loans, from the estate of the second surviving partner. These are accounted for at cost.

Impairment of financial assets

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairement loss is recognised in the statement of financial activities.

e) FINANCIAL LIABILITIES

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

f) INVESTMENTS

Investments are stated at fair value at the balance sheet date. The statement of Financial Activities includes the net gains and losses on revaluation and disposals of investment funds throughout the year.

g) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost (a capitalisation limit is in place of £1,000) less depreciation calculated at rates intended to write off their cost less estimated residual value over the period of their estimated useful lives at the following rates:

Furniture	20% per annum on written down value
Equipment	33% per annum on cost

h) RESOURCES EXPENDED

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and can be measured reliably. Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure. Support costs are allocated between the categories of expenditure depending on their nature.

i) INCOMING RESOURCES

Incoming resources are recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and likelihood of receipt is probable. Bank interest is accounted for in the period for which the charity is entitled to receipt.

Legacies are recognised when all the criteria have been met; entitlement when probate has been granted and the executor(s) of the estate have established that there are sufficient assets in the estate, after settling liabilities to pay legacy income; the value is reliably measured and the likelihood of receiving the legacy is probable.

j) POST-RETIREMENT BENEFITS

The charitable company has associated member status in the pension scheme operated by the Institution of Mechanical Engineers which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company. The charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

k) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

The Benevolent Fund of the Institution of Mechanical Engineers

Notes to the Accounts
For the year ended 31 December 2019

1 Incoming Resources

	2019	2018
	£	£
Donations & Gift Aid Reclaim	292,848	450,587
JP Dudin Bequest	1,903	1,205
	294,751	451,792

2 Investment Income

	2019	2018
	£	£
Dividends & loan stock interest - UK investments	1,001,127	983,941
Bank Interest	122	123
	1,001,249	984,064

3 Charitable Activities

	2019	2018
	£	£
Grants for the relief of poverty	297,354	271,676
Allocation from support costs (note 4)	357,923	307,977
	655,277	579,653

All grants were made to individuals. During the year there were 500 beneficiaries (2018: 383).

4 Support Cost

	2019	2018
	£	£
Training Volunteers	5,837	5,128
Staff Costs	200,194	173,974
Grants committee expenses	1,506	1,850
Visiting beneficiaries	4,358	5,185
Publications	985	863
Printing & Stationery	1,578	1,558
Postage & telephone	2,298	2,725
Communications & database	35,168	35,400
Depreciation	1,585	264
Extranet for use by Volunteers	2,153	1,545
Accommodation charges	25,806	25,056
Accounting & Computer Services	25,524	24,782
Travel & subsistence	530	2,219
Bank charges	1,679	1,136
Subscriptions to professional bodies	2,732	1,486
Sundry	417	711
Loan write off	22,694	1,457
Allocation from governance costs (note 5)	22,879	22,638
	357,923	307,977

The reason for the allocation of support and governance costs here is that the significant proportion of these costs relate to Charitable activities.

5	Other: governance costs	2019	2018
		£	£
	Audit fee (current year inc VAT)	9,540	8,700
	Legal Fees	1,933	4,959
	Committee expenses	9,518	8,979
	Compliance costs & insurance	1,888	-
		22,879	22,638

No payments have been made to the auditor or their associates in respect of non-audit work during the year.

6	Staff	2019	2018
	Staff costs comprise:-	£	£
	Salaries and other emoluments	164,712	143,264
	Social security costs	15,947	13,720
	Other pension costs	16,612	15,355
	Training	2,923	1,635
		200,194	173,974

Those earning over £60,00 in the year are:

	2019	2018
£60,001 to £70,000	-	1
£70,001 to £80,000	1	-

The total amounts paid in respect of key management personnel in 2019: £84,824 (2018: £76,424) and pension contribution of these high paid employees was in 2019 £7,934 (2018: £7,251).

7	Trustee Board	2019	2018
		£	£
	Travel and subsistence expenses paid	9,518	8,979
		No.	No.
	Number of members who claimed	12	12

No member of the Committee received any remuneration in respect of services to the Fund for the year.

8	Fixed Assets - Furniture and Office Equipment	2019	2018
	Cost	£	£
	At 1 January	43,052	38,296
	Additions	-	4,756
	At 31 December	43,052	43,052
	Depreciation		
	At 1 January	38,560	38,296
	Amount provided	1,585	264
	At 31 December	40,145	38,560
	Net Book Value at 31 December 2019 and 31 December 2018	2,907	4,492

Notes to the Accounts
For the year ended 31 December 2019

9 Investments (at market value)

	2019	2018
	£	£
J P Dudin income account	1,283	-
M&G Chari Fund Accumulation Units	10,711,979	8,709,829
M&G Global Dividend Fund Accumulation Units	9,842,408	8,241,709
Fidelity Fund Shares	3,812,607	3,204,530
Schroder Charity Multi Asset Fund Income Units	3,032,214	2,800,632
Charity Property Fund Income Units	2,004,412	2,046,003
CCLA COIF Charities Investment Fund Income Units	765,523	570,847
CCLA COIF Fund Income Units	3,887	90,609
Total	30,174,313	25,664,159

All investments are listed UK securities.

	2019 Capital	2018 Capital
Movements of investments	£	£
Market value at 1 January	25,664,159	27,724,969
Purchases and accumulations	1,502,051	4,749,735
Disposal proceeds	(733,452)	(4,100,000)
Net investment gain/(loss)	3,741,555	(2,710,545)
	30,174,313	25,664,159
Cash with investment manager	132,443	82,083
Market value at 31 December	30,306,756	25,746,242
Historic costs at 31 December	19,074,139	18,305,540
Unrealised investment gains at 31 December	11,232,617	7,440,702

10 Loans

	2019	2018
	£	£
Brought forward 1st January	792,523	823,058
Additions	96,449	97,546
Repayments	(4,570)	(128,080)
Written off	(22,694)	-
Carried forward 31st December	861,708	792,523

These loans are interest free and are repayable to the Benevolent Fund from the estate of the beneficiaries in more than one year. The amount of provided unsecured loans in 2019 was £110,020 (2018: £127,785).

11 Analysis of Changes in Cash

	2019	Cash flow	2018
	£	£	£
Cash at bank and in hand	61,311	(53,831)	115,142
Cash with investment manager - see note 9	132,443	50,360	82,083
	193,754	(3,471)	197,225

12 Other Debtors

	2019	2018
	£	£
Amounts due from the Institution of Mechanical Engineers	1,286	1,794
Other debtors	61,098	181,224
	62,384	183,018

13 Creditors

	2019	2018
	£	£
Amounts due to the Institution of Mechanical Engineers	114,159	37,085
Audit fees	9,270	8,700
Accruals	1,717	715
	125,146	46,500

14 Financial Commitments

The Trustee Board has given outline approval to help certain beneficiaries during the coming year. Because actual circumstances will vary, it is not possible to accurately quantify the amount at this time but the level is not expected to be material.

15 Pensions

All current employees participate in the Institution of Mechanical Engineers contribution based pension scheme. In 2019 the Institution matched employee contributions to this plan up to a maximum of 10% of salary (2018: 10%).

The Benevolent Fund has associated member status in the defined benefit pension scheme operated by the Institution of Mechanical Engineers, which is now closed to new members. The latest full actuarial valuation was carried out at 1 December 2015 and updated to 31 December 2019 by a qualified independent company of actuaries, and can be found in the consolidated accounts of the Institution. As prescribed by FRS102, the funding level of the pension fund must be disclosed; after an actuarial report carried out for the Institution of Mechanical Engineers consolidated accounts to 31 December 2019, the pension fund was 96% (2018: 96%) funded.

The Benevolent Fund is therefore exposed to actuarial risks associated with the scheme operated by the Institution of Mechanical Engineersand and is unable it identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents contributions payable to the scheme in respect of the accounting period. The Benevolent Fund has entered into an agreement whereby the Fund recognises a liability for contributions payable that arise from the agreement ("Deficit Recoverable Plan") to the extent that they relate to the deficit and resulting expense in the income and expenditure account. As at 31 December 2019 no such "Deficit Recoverable Plan" was in place and as a result no liability has been recognised in these financial statements relating to this.

16 Taxation

The Benevolent Fund is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

17 Ultimate parent

In the opinion of the trustees there is no controlling party.

18 Related Party Transactions

There were no related party transactions in both 2019 and 2018, other than trustees' travelling and subsistence expenses reported in Note 7.

19 Financial Instruments

	2019	2018
	£	£
Financial assets measured at amortised cost	885,349	941,317
Financial liabilities measured at amortised cost	125,146	46,500
Financial assets measured at fair value	30,306,756	25,746,242

20 Company Limited by Guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

21 *Post Balance Sheet Event*

After the year end, due to the impact of Covid-19, the value of investments has fallen by up to 11% of the opening market value to the date of approval of these financial statements. These circumstances have arisen after 31 December 2019 and so the fall in the value of investments has been treated as a non-adjusting event for the purposes of these financial statements.